

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------|---|---------------------|
| NOTICE OF PURCHASED GAS |) | |
| ADJUSTMENT FILING OF DUKE |) | CASE NO. 2008-00435 |
| ENERGY KENTUCKY, INC. |) | |

O R D E R

On February 2, 2006, in Case No. 2005-00042,¹ the Commission approved rates for Duke Energy Kentucky, Inc. ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On October 8, 2008, Duke filed its GCA to be effective October 28, 2008. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Duke's Expected Gas Cost ("EGC") is \$8.899 per Mcf, which is a decrease of \$.492 per Mcf from its previous EGC of \$9.391.

¹ Case No. 2005-00042, Adjustment of the Gas Rates of The Union Light, Heat and Power Company.

² Case No. 2003-00386, The Application of The Union Light, Heat and Power Company for Authority to Make Monthly Adjustments to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate, Order dated November 6, 2003.

3. Duke's notice sets out no current quarter Refund Adjustment ("RA"). Duke's notice sets out a total RA of (\$.001) per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out no current quarter Actual Adjustment ("AA"). Duke's notice sets out a total AA of \$.030 per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out no current quarter Balancing Adjustment ("BA"). Duke's notice sets out a total BA of \$.120 per Mcf, which is no change from its previous total BA.

6. Duke's Gas Cost Recovery Rate ("GCR") is \$9.048 per Mcf, which is a decrease of \$.492 per Mcf from its previous GCR of \$9.540.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after October 28, 2008.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after October 28, 2008.

2. Within 20 days from the date of this Order, Duke shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 21st day of October, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00435 DATED OCTOBER 21, 2008

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS RESIDENTIAL SERVICE

| | <u>Base Rate</u> | | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--|----------------------|------|------------------------------------|-----------------------|
| Commodity Charge for All Ccf Consumed | \$.26687 | plus | \$.9048 | \$1.17167 |

RATE GS GENERAL SERVICE

| | <u>Base Rate</u> | | <u>Gas Cost Adjustment</u> | <u>Total Rate</u> |
|--|----------------------|--|------------------------------------|-----------------------|
| Commodity Charge for All Ccf Consumed | \$.20949 | | \$.9048 | \$1.11429 |

RIDER GCAT GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be \$.0149 per 100 cubic feet. This rate shall be in effect during the months of September 2008 through November 2008 and shall be updated quarterly, concurrent with the Company's GCA filings.